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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, October 8, 1999

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

V.

CASE NO. SEC990052

EIN NO. 54-1841656

BRANCH CABELL & CO., INC.,

Defendant

**SETTLEMENT ORDER**

The Commission's Division of Securities and Retail Franchising ("Division") has conducted an investigation of Defendant, Branch Cabell & Co., Inc., pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia.

As a result of its investigation, the Division alleges that Defendant, a broker-dealer so registered under the Act, has:

(A) In violation of § 13.1-507 of the Act, through its agent, Robert A. Mosby, offered and sold unregistered securities, to wit: shares of Q Med, Inc. common stock, -from June 5, 1992 until April 27, 1995;

(B) In violation of Commission Securities Act Rule 21 VAC 5-20-260 B, failed to exercise diligent supervision over the securities activities of its agents by allowing one of its agents to offer and sell unregistered securities in the Commonwealth.

Defendant neither admits nor denies the allegations, but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters arising from the allegations made against it, Defendant has proposed and agrees to comply with the following terms and undertakings:

- (1) Defendant will refrain from any conduct which constitutes a violation of the Act or the Rules promulgated thereunder.
- (2) Defendant will file a written report with the Division by no later than ninety (90) days from the date of this Order setting forth the following:
  - (a) Procedures it has developed to ensure compliance with § 13.1-507 of the Act and Rule 21 VAC 5-20-260 B promulgated under the Act.
  - (b) Name(s) of the individual(s) overseeing compliance with the aforesaid statutes and rules.
- (3) Defendant, pursuant to § 13.1-521 of the Act, will pay a penalty to the Commonwealth in the amount of fifty thousand dollars (\$50,000.00).
- (4) Defendant, pursuant to § 13.1-518 of the Act, will pay to the Commission the sum of three thousand one hundred sixty-four dollars (\$3,164.00) as reimbursement for the costs of the Division's investigation.
- (5) It is recognized and understood that if Defendant fails to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate, including, but not limited to, instituting a show cause proceeding under the Act or other applicable statute based on such failure to comply, on the allegations contained herein and/or on such other allegations as are warranted, and Defendant will not contest the exercise of the right reserved.

The Division has recommended that Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

THEREFORE, IT IS ORDERED THAT:

- (1) Pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, Defendant's offer of settlement is accepted;
- (2) Defendant shall fully comply with the aforesaid terms and undertakings of the settlement;
- (3) Pursuant to § 13.1-521 of the Act, Defendant shall pay a penalty to the Commonwealth in the amount of fifty thousand dollars (\$50,000) and the Commonwealth shall recover of and from Defendant said amount;
- (4) Pursuant to § 13.1-518 of the Act, Defendant shall pay to the Commission the amount of three thousand one hundred sixty-four dollars (\$3,164.00) for the cost of the Division's investigation;
- (5) The sum of fifty-three thousand one hundred sixty-four dollars (\$53,164.00) tendered by Defendant is accepted; and,
- (6) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding as described above, or taking such other action it deems appropriate, on account of Defendant's failure to comply with the terms and undertakings of the settlement.

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Defendant

CONSENT

The Defendant, Branch Cabell & Co., Inc., admits the jurisdiction of the Commission as to the party and subject matter and, without admitting or denying allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order.

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission, or any member, officer, agent or representative thereof in consideration of the foregoing Settlement Order.

Dated: \_\_\_\_\_

Branch Cabell & Co., Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Federal Tax ID No: \_\_\_\_\_